



August 22, 2007

Michael R. DeVos  
Executive Director  
Michigan Housing Development Authority  
725 East Michigan Ave.  
P.O. Box 30044  
Lansing, MI 48909

**RE: 2005-2006 Qualified Allocation Plan**

Dear Mr. DeVos:

The Statewide Michigan Local Initiatives Support Corporation (LISC) would like to thank the Michigan Housing Development Authority (MSHDA) for the opportunity to respond by public comment to the 2005-2006 Qualified Allocation Plan (QAP). As a Michigan community development partner, Statewide Michigan LISC has supported community development corporations to produce 4,100 affordable housing units and over 470,000 of commercial space since 1987. Many of these affordable housing development projects have utilized the Low Income Housing Tax Credits with various versions of the QAP over the past twenty years.

The following is a written summary of Statewide Michigan LISC's response to the most recent 2005-2006 QAP and echoes several of the insightful public comments posted on the MSHDA web page regarding:

- Land Use
- Holdbacks
- General Deficiencies & Oversight
- Sponsors Application Maximum
- Green & Energy Efficiency Building
- QAP Dialogue – Score Summary

**Land Use**

LISC applauds MSHDA for the alignment of Michigan's LIHTC program to the 2003 Michigan Land Use Leadership Council's "recommendations for ten growth tenets for making the most effective use of Michigan's land." These recommendations were cited and are reflected in the 2005-2006 QAP. To further emphasize these recommendations, MSHDA may look to consider a "targeting of resources to commercial districts and downtowns of small communities," as stated by Dennis Sturtevant on May 21, 2007. To target resources or incentivize projects specifically designated in commercial districts and downtowns of smaller cities could considerably catalyze revitalization in several Statewide Michigan LISC markets.

**Holdbacks**

As you are well aware, many of the previous affordable housing LIHTC development projects are now reaching the 15-year expiration of the affordability period and as Michigan's economy continues to struggle, these affordable units are at risk of being sold as market rate developments losing the affordable units altogether. MSHDA may want to consider placing a priority to increasing the Preservation existing set aside from 30% to 40% in response to the increasing number of expiring developments to preserve the existing affordable housing units where many income-limited Michigan individuals and families currently reside.

We would also support the recommendation of CEDAM to align the Cool Cities Holdback to also include the Cities of Promise and other statewide Governor initiatives.

**General Deficiencies & Oversight**

MSHDA explains in great detail how application deficiencies are handled if discovered during the processing of the application. It is curious as to why these deficiencies are not discovered before the threshold scoring process? The assumption is there are a substantially large number of applications received and this method is a much more effective use of Authority staff in the evaluation process. A recommendation to institute a "cure process" to address these deficiencies by the sponsor within a certain timeframe should be explored, so as not to penalize a competent sponsor with a strong application based on a technicality.

Another possible clarification from MSHDA which may be helpful to add in the QAP is in regard to the providing the definitions of "deficiency" and "oversight" in the QAP. As the QAP is currently written the interpretation seems to be left up to the Authority staff's discretion, which may or may not be perceived by the public as questionable in regard to the "fair and equitable" evaluation of the application.

**Sponsorship Application Maximum**

Currently MSHDA accepts a maximum of five applications per funding round from a sponsor. Should this be reduced by MSHDA to three applications? The existing maximum of five applications offers sponsors the opportunity to increase their "luck" to "win" an allocation award of LIHTCs. The likelihood of submitting five quality projects decreases with each additional submission as a result of sponsors being constrained due to the costly development consultant fees and application requirements with dwindling or limited resources. If one of the "weaker" projects is chosen by "luck of the draw" then how are we as funding partners ensuring that quality projects are being rewarded and ultimately built to address the affordable housing needs? LISC and MSHDA along with many other partners have historically been required to come to the table after several years of compliance to "work out" previous LIHTC projects that are not performing well due to refinancing issues, poor asset management, inadequate reserves or mounting maintenance deficiencies.

**Green & Energy Efficiency Building**

As recommended by the Great Lakes Capital Fund, Statewide Michigan LISC would be in agreement and supportive of MSHDA allocating several points (2-4) to be included in the Scoring Summary that award sponsors for LIHTC developments that utilize "Green Building and/or Energy Efficiency Building components into their projects. This is an arena that we will all see more emphasis in the coming years and getting the framework in place for this growing market in 2008 to introduce these concepts would be recommended.

**QAP Dialogue**

Several community development partners, developers and associations have recommended the continued dialogue of the QAP process and I echo this suggestion to include an opportunity to review and possibly revise the Scoring Summary.

I would like to thank MSHDA again for the opportunity to respond to the 2005-2006 QAP and applaud its efforts in the community public comment process that is underway. Additionally, I look forward to another opportunity to respond to the draft 2007-2008 QAP for comment before the final release.

Sincerely,

*Tahirih Ziegler*

Tahirih Ziegler  
Executive Director  
Statewide Michigan LISC